Economic Openness and Territorial Politics in China

Why and how has the Chinese central government so far managed to fend off the centrifugal forces under rising globalization that are predicted to undermine national-level political authority everywhere? When institutionally empowered by centralized governing political parties as in China, national politicians confronting the menace of economic openness will resort to exercising tighter political control over the subnational governments of the “winner” regions in the global markets. Although its goals are to facilitate revenue extraction, redress domestic economic disparity, and prolong the rule of national leaders, regionally targeted central political control could engender mixed economic consequences at the subnational level. Yumin Sheng examines the political response of the Chinese central government, via the ruling Chinese Communist Party, to the territorial challenges of the country’s embrace of the world markets and the impact of the regionally selective exercise of political control on central fiscal extraction and provincial economic growth during the 1978–2005 period.

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To my grandmother Yuan Juxiu, my mother Gao Huijuan, my father Sheng Jinpan, and the memory of my grandfather Gao Xianwen, with love and gratitude.
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This book grew out of my doctoral dissertation completed in 2005 at Yale University. My most profound gratitude first goes to the three finest scholars I was fortunate to have on my dissertation committee as co-directors. Professors Susan Rose-Ackerman, Frances McCall Rosenbluth, and Pierre François Landry are simply the best teachers and mentors one could ever dream of having. I thank them all for their guidance, support, and help in every possible way, and above all, the inspiration of their own examples.

A world-renowned scholar with influential work in many fields of law, economics, and political science, Susan has been one of the first to call for the rethinking of federalism and decentralization. For all her own busy schedule, she read and commented on multiple iterations of the book manuscript as well as the dissertation. A preeminent comparative political economist as well as Japan scholar, Frances lent both her expertise on Asia and sharp, critical thinking on how to conceptualize politics and the (potentially predatory) nature of the state. Both Susan and Frances have been unfailing sources of support and encouragement throughout the book publication process. Intent upon bridging the gap dividing the social sciences and China studies in his own work, Pierre showed me the ropes of conducting systematic empirical research on China. He also magnanimously shared with me many of his own Chinese provincial economic and political data as well as sources that formed the basis of the dataset first for my dissertation and, later, for this book. Professor José Antonio Cheibub deserves a special “thank you” for his insights and comments as an extra-committee reader of my dissertation.

My foremost intellectual debt is due to two other prominent scholars. Professor Geoffrey Garrett, my advisor during my first two years
of graduate school at Yale, kindled my interest in studying economic globalization through his own prolific scholarship on domestic politics under global market integration. As the following pages will amply attest, Professor Yasheng Huang has shaped my understanding of the nature of the political ties binding Beijing and the provinces through his own pioneering work. In a way, my book builds on and seeks to extend an approach to the study of central-provincial relations in reform-era China he first advocated. I am also especially grateful to him for his generous support in so many ways over the years.

Through the munificent giving of their time, many other teachers, colleagues, and friends have helped improve the final product immeasurably. I am utterly thankful to them all. Bruce J. Dickson, Andrew Mertha, Susan Shirk, Dali L. Yang, Andrew Wedeman, Suisheng Zhao, Yongnian Zheng, and four anonymous reviewers for Cambridge University Press all carefully read the various versions of the entire book manuscript, offered critical and constructive comments, and saved me from many potential pitfalls in the logic of the argument, evidence, or presentation. Lei Guang, Yoshiko Herrera, Margaret Levi, Edmund Malesky, Akos Rona-Tas, Brad Roth, Tim Carter, Kevin Deegan-Krause, and Larry Scaff read and commented insightfully on chapters or materials related to the project. Daniel Ho, Takeshi Ito, Matthew Light, Xiaobo Lü, David Nickerson, John Roemer, Jun Saito, Jason Sorens, Endre Tvinnerreim, (the late) Michael Wallerstein, Shaoguang Wang, Joseph Wright, Chenggang Xu, David Dahua Yang, Zaifu Yang, David Yoon, Chuanjie Zhang, and Lu Zheng all made excellent suggestions on many aspects of the project during discussions. Very helpful comments also came from fellow participants at the Workshop on Globalization and the State at Syracuse University in May 2008, especially Hongying Wang, Greg Chin, Robert W. Cox, and Kurt Weyland. Of course, any remaining errors are solely mine.

For methodological advice, I want to thank Donald Green, Kenneth Scheve, Nick Cox, Xiangyang Li, Joroen Wessie, and especially Yixiao Sun, whose friendship and expertise I have shamelessly exploited since we met in graduate school in New Haven. I am also indebted to Roy W. Bahl, Maria Cecilia Escobar-Lemmon, Robert Harmel, Hehui Jin, Kenneth Janda, Justin Yifu Lin, Zhiqiang Liu, Edmund Malesky, Yingyi Qian, Lori Thorlakson, Pieter van Houten, and Xiaobo Zhang for generously sharing their published and unpublished work and/or data, and patiently answering many of my questions. Data collection assistance came from Latoyra Weston at the Wayne State University Libraries, who
Acknowledgments

handled numerous interlibrary loan requests with patience and efficiency, and from Jean Hung and the staff of the Universities Service Centre at the Chinese University of Hong Kong – especially Ms. Kwok Siu Yuk (Ruth).

Ming Xia generously shared many contacts and field research tips that greatly facilitated my field trips to China during the summers of 2002 and 2004. I am truly appreciative of the help and hospitality from Cao Xiaolin, Chen Feng, Chen Xian, Chen Xiaooyuan, Deng Guosheng, Hu Ming, Li Yongfang, Li Yu, Liu Desheng, Liu Yufei, Ni Huili, Pan Dawei, Pu Xingzu, Shen Liren, Shi Shijun, Wang Guosheng, Wang Yiwei, Yan Yinglong, Zhang Jianrong, Zhang Shu, Zhao Guobin, Zhong Yongyi, Zhu Guofu, Zou Yimin, and especially Ligang Feng while I was in China.

Research on the project at the dissertation stage was made possible through generous financial support from the Yale Graduate School, the Leitner Political Economy Program, and the Yale East Asian Studies Council. At Wayne State University, the 2005–2006 University Research Grant and the research stimulation grants from the Offices of the Provost of the Dean of the College of Liberal Arts and Sciences, and especially of the Vice President for Research under Professor Hilary Ratner, funded my work to transform the dissertation into a book.

The East Asian Institute of the National University of Singapore, where I was a Visiting Research Fellow during my sabbatical leave from Wayne State (June to December of 2008), provided the ideal environment for me to complete much writing and revision of the book manuscript. For their hospitality during my stay in Singapore, I am thankful to Professors Wang Gungwu, John Wong, and especially Dali L. Yang and Yongnian Zheng. During my visit, I also enjoyed friendly and enlightening conversations (and many a weekly expedition to the “Great Wall Canteen” for most) with a stimulating group of colleagues that also included Tom Bernstein, Zhiyue Bo, Chen Gang, Jing Huang, Huang Langhui, Yanzhong Huang, Kong Qingjiang, Hongyi Lai, He Li, Lin Zhiqing, Hong Lu, Sixin Sheng, Dorothy Solinger, Sarah Tong, Fubing Su, Fei-Ling Wang, Tianfu Wang, Yuqing Xing, Guobin Yang (who also kindly helped me with the collection of some of the latest Chinese fiscal data during his visit to Hong Kong), Lijun Yang, and You Ji.

At the nadir of the book proposal stage, Kurt Weyland and Andrew Murphy offered invaluable suggestions and encouragement, while the enthusiasm, support, and persistence of Dorothy Solinger meant and made a world of difference! At Cambridge University Press, I am above all most deeply grateful to Scott Parris, Senior Editor for Economics and Finance.
Acknowledgments

and undoubtedly the best editor any author could have, for his interest
and faith in the project, his skillful hands shepherding me through the
manuscript reviewing and book production processes, and his most as-
tute advice along the way. I also want to thank Lewis Bateman for his
generous support, Adam Levine for his able assistance throughout, Lisa
McCoy for her excellent and meticulous copyediting, and Bindu Vinod
for cheerfully coordinating all the work at the book’s production stage.
In addition, I am grateful to the superb editorial assistance from Nancy
Hearst of Harvard University, who did a marvelous job of getting rid of
many excessively long sentences from an earlier version and proofread-
ing the final book, among other things, and to Anne Holmes and Rob
Rudnick for preparing a preliminary index.

Over the years, many dedicated educators in China have quietly pro-
vided the most caring teaching and guidance. Among many others, I want
to express my most heartfelt thanks to, roughly in the order I was lucky
enough to have met them along the way, Hua Zuyi, Wang Yingru, Shao
Shijin, Pat Bower (as well as her friend Mrs. Lee H. Robertson, who gen-
erously sent news magazines, books, and other English reading materials
all the way from California), (the late) Gao Si, Christy Housel, Maxine
Lindell, Xuelin Liu, Debbie Mar, Mei Renyi, and Yang Limin.

Likewise, heavy debts of gratitude have also been accumulated to many
teachers in the United States. Even though I had little prior formal train-
ing in political science, Joseph Schwartz was willing to help admit me
into the political science graduate program at Temple University with a
generous university fellowship so that I could come to study in America.
For me, his graduate seminar provided the best and most badly needed
ontological overview of the discipline of political science. Benedict Stavis
picked me up at the Philadelphia International Airport on an August after-
noon in 1997 and put me up at his beautiful suburban house during my
first week in America while helping me with apartment hunting. More
important, he sought to maximize my exposure to the real-world policy
debates concerning China by taking me to the Inter-University Study
Group on China organized by the Foreign Policy Research Institute as
its only regular student member. In the classroom, Richard Deeg, Lloyd
Jensen, and Lynn Miller introduced me to the study of comparative pol-
itics and international relations. They also selflessly supported my later
application to other graduate programs with more resources, and have
remained invaluable sources of professional guidance and mentoring ever
since. Outside the classroom, the friendship of and patient coaching by
Acknowledgments

Ming Xia was undoubtedly crucial in helping me survive my initial induction and immersion into political science at Temple.

Despite the awkwardness in my addressing him as “Professor Rogers” during application e-mail inquiries, Rogers Smith was instrumental in admitting me into the Yale graduate program he directed at the time. For their classroom teaching at Yale, I am grateful to Joseph Chang, Hanming Fang, Geoffrey Garrett, Alan Gerber, Donald Green, Martin Gilens, Anna M. Grzymala-Busse, Pierre François Landry, John Lapinski, (the late) Fiona McGillivray, John Roemer, Susan Rose-Ackerman, Bruce Russett, Kenneth Scheve, Ian Shapiro, and Alastair Smith.

During my years at Wayne State, invaluable support and encouragement has come from Dean Robert Thomas of the College of Liberal Arts and Sciences, the veteran “China hand” of the university whose unbounded enthusiasm about the country has never failed to inspire so many of us here. I have been particularly fortunate to work with Dan Geller, the most fair-minded and supportive department chair one could ever have. For their wonderful friendship and collegiality, I am also thankful to Phil Abbot, John Strate, Larry Scaff, Jered Carr, Tim Carter, Kevin Deegan-Krause, Sue Fino (the official department connoisseur of Chinese tea), Brad Roth, Ron Brown, Jim Chalmers, Charlie Elder, Rich Elling, Ewa Golebiowska, Kyu-Nahm Jun, Sharon Lean, Jodi Nachtwy, Charlie Parrish, Fred Pearson, Marjorie Sarbaugh-Thompson, Lyke Thompson, Mary Herring, Tim Bledsoe, and especially Bin Li and Haiyong Liu. My deepest gratitude also goes to Patti Abbot, Sheré Davis, Patricia Robinson, and above all Delinda Neal for their kindhearted, patient, and cheerful assistance in numerous ways.

I dedicate this book to the memory of my grandfather, to my grandmother, and to my parents. I thank them all for their unconditional love and support all along. By example, they have taught me the value of hard work in life. I also want to express my special gratitude to my mother-in-law He Yulan and my father-in-law Zhang Guanlin, who traveled thousands of miles away from their home in China to Michigan to lend us their helping hands during a most difficult period in the writing of this book. My wife Ying has been another true blessing in my life. I want to thank her for everything. Writing and completing the book must have also been made much easier by the arrival of our son Benjamin, with all the delightful distractions from work he has managed to bring so far.
Abbreviations

CC  Central Committee (of the Chinese Communist Party)
CCP  Chinese Communist Party
DPI  Database of Political Institutions (World Bank)
FDI  foreign direct investment
FFE  foreign-funded enterprise
FIE  foreign-invested enterprise
FTC  foreign trade company
GDP  gross domestic product
GIOV  gross industrial output value
GNP  gross national product
MPF  market-preserving federalism
NMP  net material product
PAN  Partido Acción Nacional (National Action Party of Mexico)
PLA  People’s Liberation Army
PRC  People’s Republic of China
PRI  Partido Revolucionario Institucional (Institutional Revolutionary Party of Mexico)
SEZ  Special Economic Zone
SOE  state-owned enterprise
TFP  total factor productivity
TVE  township and village enterprise
Abbreviations

UN United Nations
USSR Union of Soviet Socialist Republics
VND Vietnam dong
WTO World Trade Organization